

# **FISCAL NOTE**

## **SB 2870 - HB 2968**

February 21, 2000

**SUMMARY OF BILL:** Requires TennCare to execute a separate contract with a managed care organization for high-risk enrollees who would be excluded from the existing TennCare MCOs. *High-risk enrollee* is defined as anyone under care for a transplant, severe burn, premature birth, cancer or catastrophic accident. The contract is take effect after approval by the federal government.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - Net Impact - Exceeds \$1,000,000**

#### **Other Fiscal Impact:**

**Increase Federal Expenditures - Net Impact - Exceeds \$2,000,000**

Estimate assumes:

- A need for increased staff and administrative expenses, including computer upgrades, in the TennCare Bureau to develop and administer such a program.
- A reduction in capitation payments for those TennCare MCOs that would not have high-risk enrollees in their plans.
- The capitation rate necessary to convince insurers to accept a contract for only high-risk enrollees is estimated to significantly exceed savings in capitation rates of those plans from which such enrollees were removed.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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